

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

January 15, 2008

NOTICE
TO
CONTRACT NO. 071B8200089
Between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR JPMorgan Chase Bank, N.A. Government and Institutional Banking Mail Suite MI1-8078 611 Woodward Avenue Detroit, MI 48226 Charles.a.dillard@chase.com	TELEPHONE (313) 256-2294 Charles A. Dillard
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-1916 Jim Wilson
Contract Compliance Inspector: Debbie Ciccone (313) 456-2507 Cicconedebbie@michigan.gov Disbursement of Unemployment Insurance Benefits - Direct Deposit - Electronic Payment Card Department of Labor and Economic Growth	
CONTRACT PERIOD From: January 4, 2008 To: December 31, 2011	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

The terms and conditions of this Contract are attached.

Total Estimated Contract Value: \$ 341,680.50

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THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry 071B8200015 and your quote. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Purchasing Operations. Orders for delivery may be issued directly by the State Departments through the issuance of a Purchase Order Form.

FOR THE VENDOR:	FOR THE STATE:
JPMorgan Chase Bank, N.A.	Signature
Firm Name	William C. Walsh, CPPB, Buyer Manager
Authorized Agent Signature	Name/Title
Authorized Agent (Print or Type)	Services Division, Purchasing Operations
Date	Division
	Date



Table of Contents

Article 1 – Statement of Work (SOW)	5
1.0 Project Identification	6
1.001 PROJECT	6
1.002 BACKGROUND	6
1.1 Scope of Work and Deliverables	6
1.101 IN SCOPE	6
1.102 OUT OF SCOPE- RESERVED	14
1.103 ENVIRONMENT	14
1.104 WORK AND DELIVERABLE	14
1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES	24
1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES	24
1.203 OTHER ROLES AND RESPONSIBILITIES-RESERVED	25
1.3 Project Plan.....	25
1.301 PROJECT PLAN MANAGEMENT	25
1.302 REPORTS	27
1.4 Project Management.....	28
1.401 ISSUE MANAGEMENT	28
1.402 RISK MANAGEMENT	28
1.403 CHANGE MANAGEMENT	28
1.5 Acceptance	29
1.501 CRITERIA	29
1.502 FINAL ACCEPTANCE	29
1.6 Compensation and Payment	29
1.601 COMPENSATION AND PAYMENT	29
1.7 Additional Terms and Conditions Specific to this SOW	29
1.701 Additional Terms and Conditions Specific to this SOW	29
2.010 Contract Structure and Administration	30
2.011 Definitions	30
2.012 Attachments and Exhibits	31
2.013 Statements of Work.....	31
2.014 Issuing Office	31
2.015 Contract Compliance Inspector.....	32
2.020 Contract Objectives/Scope/Background	32
2.021 Background-Reserved	32
2.022 Purpose-Reserved	32
2.023 Objectives and Scope-Reserved	32
2.024 Interpretation-Reserved	32
2.025 Form, Function and Utility	32
2.030 Legal Effect and Term	32
2.031 Legal Effect	32
2.032 Contract Term	32
2.040 Contractor Personnel	33
2.041 Contractor Personnel	33
2.042 Contractor Identification-Reserved	34
2.043 Cooperation with Third Parties.....	34
2.044 Subcontracting by Contractor	34
2.045 Contractor Responsibility for Personnel.....	35
2.050 State Standards.....	35
2.051 Existing Technology Standards	35
2.052 PM Methodology Standards-Reserved	35
2.053 Adherence to Portal Technology Tools-Reserved	35
2.054 Acceptable Use Policy-Reserved.....	35
2.060 Deliverables.....	35
2.061 Ordering	35
2.062 Software-Reserved	36
2.063 Hardware-Reserved	36
2.064 Equipment to be New and Prohibited Products-Reserved	36



2.070	Performance	36
2.071	Performance, In General	36
2.072	Time of Performance	36
2.073	Liquidated Damages	36
2.074	Bankruptcy	36
2.075	Time is of the Essence	36
2.080	Delivery and Acceptance of Deliverables	37
2.081	Delivery Responsibilities-Reserved	37
2.082	Delivery of Deliverables	37
2.083	Testing	37
2.084	Approval of Deliverables, In General	37
2.085	Process For Approval of Written Deliverables	37
2.086	Process for Approval of Services	37
2.087	Process for Approval of Physical Deliverables	37
2.088	Final Acceptance	37
2.090	Financial	37
2.091	Pricing	37
2.092	Invoicing and Payment Procedures and Terms	37
2.093	State Funding Obligation	38
2.094	Holdback	38
2.095	Electronic Payment Availability	38
2.100	Contract Management	38
2.101	Contract Management Responsibility	38
2.102	Problem and Contract Management Procedures	39
2.104	System Changes	39
2.105	Reserved	39
2.106	Change Requests	39
2.110	Records and Inspections	40
2.111	Records and Inspections	40
2.112	Errors	40
2.120	State Responsibilities	41
2.121	State Performance Obligations	41
2.130	Security	41
2.131	Background Checks	41
2.140	Reserved	41
2.150	Confidentiality	41
2.151	Freedom of Information	42
2.152	Confidentiality	42
2.153	Protection of Confidential Information	42
2.154	Exclusions	42
2.155	No Implied Rights	42
2.156	Remedies	42
2.157	Security Breach Notification	43
2.158	Survival	43
2.159	Destruction of Confidential Information	43
2.160	Proprietary Rights	43
2.163	Rights in Data	43
2.164	Ownership of Materials	44
2.165	Standard Software	44
2.166	Pre-existing Materials for Custom Software Deliverables	44
2.167	General Skills	44
2.170	Warranties And Representations	44
2.171	Warranties and Representations	44
2.175	DISCLAIMER	45
2.176	Consequences For Breach	45
2.180	Insurance	46
2.181	Liability Insurance	46



2.190	Indemnification	48
2.191	Indemnification	48
2.192	Continuation of Indemnification Obligations	49
2.193	Indemnification Procedures	49
2.200	Limits of Liability and Excusable Failure	50
2.201	Limits of Liability	50
2.202	Excusable Failure	50
2.203	Disaster Recovery	51
2.210	Termination/Cancellation by the State	51
2.211	Termination for Cause	51
2.212	Termination for Convenience	51
2.213	Non-Appropriation	52
2.214	Criminal Conviction	52
2.216	Rights and Obligations Upon Termination	52
2.217	Reservation of Rights	53
2.218	Contractor Transition Responsibilities	53
2.219	State Transition Responsibilities	53
2.220	Termination by Contractor	54
2.221	Termination by Contractor	54
2.230	Stop Work	54
2.231	Stop Work Orders	54
2.232	Cancellation or Expiration of Stop Work Order	54
2.233	Allowance of Contractor Costs	54
2.240	Reserved	54
2.250	Dispute Resolution	54
2.251	In General	54
2.252	Informal Dispute Resolution	55
2.253	Injunctive Relief	55
2.254	Continued Performance	55
2.260	Federal and State Contract Requirements	55
2.261	Nondiscrimination	55
2.262	Unfair Labor Practices	56
2.263	Workplace Safety and Discriminatory Harassment	56
2.270	Litigation	56
2.271	Disclosure of Litigation	56
2.272	Governing Law	57
2.273	Compliance with Laws	57
2.274	Jurisdiction	57
2.280	Environmental Provision	57
2.281	Environmental Provision-Reserved	57
2.290	General	57
2.291	Amendments	57
2.292	Assignment	57
2.293	Entire Contract; Order of Precedence	57
2.294	Headings	57
2.295	Relationship of the Parties (Independent Contractor Relationship)	58
2.296	Notices	58
2.297	Media Releases and Contract Distribution	58
2.298	Reformation and Severability	58
2.299	Consents and Approvals	58
2.300	No Waiver of Default	59
2.301	Survival	59
2.302	Covenant of Good Faith	59
2.303	Permits	59
2.304	Website Incorporation	59
2.305	Taxes	59
2.306	Prevailing Wage-Reserved	59
2.307	Call Center Disclosure	59
2.308	Future Bidding Preclusion	59



2.310	Reserved	60
2.320	Extended Purchasing	60
2.321	MiDEAL-Reserved	60
2.330	Federal Grant Requirements	60
2.331	Federal Grant Requirements	60

ATTACHMENTS

ATTACHMENT A - COSTS AND FEES SCHEDULE

**Article 1 – Statement of Work (SOW)****1.0 Project Identification****1.001 PROJECT**

This Contract is for the disbursement of Unemployment Insurance Benefits using both Direct Deposit and an Electronic Payment Card.

1.002 BACKGROUND

The State of Michigan (SOM), Department of Labor and Economic Growth (DLEG), Unemployment Insurance Agency (UIA) is responsible for administering the Unemployment Insurance Program for the State of Michigan. The program provides benefits to people who live both in the State of Michigan and out of state but have earned wage credits in Michigan during the base period.

1.1 Scope of Work and Deliverables**1.101 IN SCOPE****PROGRAM REQUIREMENTS:**

1. The Contractor, if not a financial institution, must be affiliated with a financial institution, and must retain that affiliation throughout the course of the contract.

Contractor is a national banking association, organized and existing under the laws of the United States pursuant to a charter issued by the Office of the Comptroller of the Currency. Contractor deposits are insured by the FDIC as provided by law and regulation

2. The Contractor must be affiliated with either VISA or MasterCard and be Electronic Funds Transfer (EFT) capable using NACHA standards.

Contractor is affiliated with both VISA and MasterCard. Our Chase Direct Payment Card programs support the Electronic Funds Transfer (EFT) process and use the National Clearing House Association (NACHA) standards for delivery and processing of funds received from UIA.

3. The Contractor must provide the maximum security, as to form and amount, on funds transferred by the UIA but not distributed by the contracting bank. The collateral must be in the form of transferable obligations, which are fully insured or guaranteed by the United States, or general obligations of the State of Michigan. In the case of pledged securities which are not negotiable without the depository's endorsement of assignment, the depository may in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities.

- In the event of the depository's insolvency or closure, or appointment of a receiver, liquidator, or other similar officer to terminate its business, the depository agrees that all principal and interest payments on any security pledged due as of the date of the insolvency or closure shall be held separate and apart from any other assets and shall be available to satisfy any claim made by the UIA. The financial institution must submit a list of proposed securities for prior approval before pledging. This list should contain the name and date of issue, amount, interest rate, maturity date and the total amount of the original bond issue, if available. When the collateral has been approved by the UIA and the safekeeping custodian agreed upon, the financial institution shall instruct the custodian to furnish the UIA with original safekeeping receipts or advices assigning the collateral. (The ownership of the custodian shall be independent from the ownership of the financial institution.)



The custodian shall send original safekeeping receipts or advices to the UIA. The financial institution must have prior approval of the UIA for all substitutions. The financial institution shall request approval of the UIA for the release of a security without replacement. The collateral requirement is expected to range between \$5 million and \$20 million. The current collateral requirement is \$10 million.

Contractor will collateralize all depository DDA, TDA and CD accounts at the prescribed level and in compliance with appropriate regulations.

4. The Contractor must be ready to issue cards and accept deposits from the State no later than 90 days from the date the contract is signed, unless agreed to by both parties through negotiation. The Contractor Project Manager, Robert Carson, will facilitate the Team's resources to work with UIA, and any other necessary agencies, to pursue development of a 90 day timeline. Any changes to the proposed plan or the implementation schedule will be mutually agreed up on by UIA and Contractor.
5. The Contractor must obtain state approval from the UIA before changing any policy affecting cardholders. The Contractor is also responsible for notifying Cardholders of any changes. Contractor will notify and obtain UIA's approval of any policy changes affecting Chase Direct Payment Card cardholders prior to making changes. UIA approval will only be obtained for those changes over which Contractor has control. Changes imposed by the Card Associations, ATM networks, or the Federal Reserve or other regulators will be implemented in accordance with direction of those entities.
6. The Contractor must include evidence of certification and/or membership and compliance with FDIC or NCUSIF rules and regulations
Contractor deposits are insured by the FDIC as provided by law and regulation. Contractor holds FDIC Certificate Number 628
 - a. Contractor agrees to assume all Regulation E responsibility to the card. Card holders will have the protection of Visa's Zero Liability policy.
7. The Contractor must provide daily and monthly activity reports to UIA, including the following information
 - a. Funds amount received (daily transfers)
 - b. Record count of daily transmission file
 - c. Dollar amount and record count of funds applied
 - d. Funds amount returned and account information – Transfer rejections
 - e. Number of new account cards issued
 - f. Number of new accounts activated
 - g. Number of accounts closed
 - h. Funds amount returned and account information – Inactive Accounts
 - i. Cards returned and destroyed.
 - j. Daily available balance of Funds on account
8. Contractor will provide UIA with a full suite of online reports which allow authorized users to monitor participation and actively manage its electronic payments program:
 - a. Financial information: number of loads, amount of loads
 - b. Activity information: ATM transactions, PIN vs. signature based transactions
 - c. Customer Service information: Summary of calls accepted, answered, abandoned, etc.; average time per call, general categories of reason for calls. (Monthly Call Summary Report and Call Type Report)
 - d. Pending enrollment confirmation Batch File Report
 - e. Adjustment Summary Report
 - f. Adjustment Detail Report
 - g. Daily Transaction Report
 - h. Direct Deposit Information Report
 - i. Cardholder Status Activity Report
 - j. Inactivity report
 - k. Funding summary report
 - l. Funding detail report
 - m. Card Activation Summary report
 - n. Card Activation Status Detail Report
 - o. Account Closure Report
 - p. Direct Deposit Enrollment report



- q. ACH Reporting (Eserve for ACH)
- r. Access SQR and Star reports to monitor periodic performance and payment operations.
- s. Client Transaction Summary Report

9. Contractor must provide all debit cardholders secure access on network to view their transaction/balance accounts.

All Contractor cardholders will have access to a user friendly bilingual, English and Spanish, secure website, www.myaccount.chase.com, which enables cardholders to review their detailed account information and to have internet access directly to customer service.

10. The Contractor must provide to Cardholders the instructional materials associated with the Card. After receiving enrollment instructions from UIA, Contractor will include cardholder instructional materials with each card issued to a claimant.
- a. Card carrier, with printed information about the Program, how to activate their card, contact Customer Service, and protect their card.
 - b. Frequently asked questions (FAQ) Brochure which provides answers to the most commonly asked questions.
 - c. Terms & Conditions which explain the cardholder's rights and responsibilities.
 - d. Allpoint awareness stuffer providing information about their surcharge-free ATMS.
 - e. Program Introduction letter.

11. Contractor must provide training and instructional materials for state staff on the use of the system. Contractor provides at no cost to UIA or cardholders materials used for card usage and training. UIA will receive training on both components of the electronic payment solutions. Training will be tailored to meet UIA's needs. UIA personnel will be trained on the use and operation of the proposed Direct Payment Card platform, JP Morgan proprietary client Agent Service Center application. UIA personnel will be trained on the use and operation of the proposed debit card platform which includes JP Morgan proprietary Agent Service Center application. Contractor will provide a training plan to include strategies and plans for training sessions, materials as well as agendas for training sessions, descriptions of training materials. Additionally the training plan will contain steps for basic and ongoing training during operations. UIA personnel will be provided with three reference materials to supplement the training provided by contractor.
- Agent Service Center Computer based Training Module
Agent Service Center User Reference Guide
Agent Service Center Online Help Guide

Contractor will coordinate with UIA for setting guidelines on training and delivery of materials to designated personnel.

To supplement initial user training provided by contractor so that UIA has a tool to train new personnel contractor will provide UIA with a Computer Based Training (CBT) module. The CBT module will provide an overview and explanation of each feature within the Agent Service Center that will be used by UIA.

12. The State will assist the Contractor with developing informational and marketing materials for customers as well as for training of State staff on direct deposit/debit card programs. All customer informational material must be clear regarding the services provided, all possible customer fees involved, time frames in receiving cards, etc. Contractor and Project Management staff will work with UIA to determine appropriate and effective means of marketing Direct Deposit the Direct Payment Card programs to Claimants. In developing our plan, we will meet with UIA to review and discuss cardholder demographics, communication objectives and benefits of direct deposit.

In terms of phases during the overall direct deposit and Direct Payment Card programs life cycle, the contractor's marketing plan will include:

Pre-conversion and conversion marketing efforts including awareness building activities for UIA & staff as well as for claimants will include creative graphics to "brand" the program as well as expectations for media including design and art for check stuffers inserted into current checks, local office posters, informational brochures, and local staff awareness.



Identity program support and development of high-level identity management plan for the direct deposit and Direct Deposit Payment Card programs including graphic standards, black and white are for local use, along with other activities, to maximize internal standardization of the program identity elements.

Ongoing marketing efforts to jointly develop an ongoing awareness and support for the direct deposit and Direct Payment Card. These activities are expected to include posters and brochure distribution, an ongoing local staff awareness campaign, possible use of Public Service Announcements, and other activities that would be appropriate.

Contractor will leverage its longstanding relationship and leadership position in card issuance with VISA to obtain VISA marketing funds to promote the benefits of debit cards. Contractor will also coordinate with VISA to maximize the benefits of the brand involvement for the UIA Direct Payment Card program.

The final agreed upon approach will depend upon the concurrence with UIA on a comprehensive marketing plan that includes agreed upon objectives, strategies and tactics that best address the needs of claimants, and the benefits of UIA's electronic payment program and of direct deposit and the Direct Payment Card.

13. A link from the Contractor's website to the UIA site is also required to provide seamless navigation mechanism for customers to access Unemployment Insurance Information and services that do not come under the Contractor's purview.

Contractor will include an internet web link provided by UIA allowing cardholders the ability to directly access the link to connect to the UIA web site Home Page via the internet. Access to the link will be assigned to the cardholder's web access page at www.myaccount.chase.com. Cardholders who have elected to enroll in Direct Deposit via the internet will be seamlessly transferred to the environment site. The site will have the look and feel of the UIA website, including a link back to the UIA Home Page.

14. The website should provide customers with the ability to enroll in debit/direct deposit programs, change pin, locate ATMs throughout the state, online, etc.

Contractor will develop, with UIA's input and approval, a secure website that will act as a gateway for claimants to enroll in direct deposit, access their debit card account information, change their pin, locate ATMs throughout the state and access their card account information. The website will have the same look and feel as the UIA website providing claimants a seamless entry point to all electronic payment services.

15. Contractor must include a method of transferring customer questions or complaints that more properly come under the State's jurisdiction (such as regarding eligibility for Unemployment Insurance Benefits, and determination of weekly benefit amount from the contractor's call center to UIA call center in a seamless and customer oriented fashion.

All calls received into the Contractor's Customer Service Unit will be assisted by a professionally trained Customer Service Representative (CSR). Callers contacting customer service without a Chase Direct Payment Card number or who are unable to enter their assigned Chase Direct Payment Card number through the IVR will default to a CSR. The CSR will assist caller on identifying their debit card number for assistance. If the CSR is unable to provide support to the caller following established call handling procedures, an escalation process will be mutually agreed upon for referring claimants back to UIA. A "warm-call transfer" will be initiated between the Contractor and UIA providing a seamless transfer from the Contractor to UIA for response to non Chase Direct Payment Card related questions. Should claimants have questions during the direct deposit enrollment process, they will also be directed to Customer Service Representative. If the CSR determines the question or complaint should be handled by UIA, the call will be seamlessly transferred to the UIA call center.

16. The State's account must not be charged prior to the settlement date of the payments.

Contractor will debit the designated state account based on the settlement date of the payment transactions.

**CARD REQUIREMENTS:**

1. The UIA will electronically transmit the Cardholder enrollment information to the Contractor.

Contractor offers UIA two methods to accomplish cardholder enrollment; batch file enrollment or online, real-time enrollment via our Internet-based Agent Service Center (ASC) application. These two methods may be used by UIA interchangeably. Contractor recommends the use of batch enrollment as the primary method to exchange cardholder enrollment information with the UIA. Contract will provide UIA a file format that provides the batch process and enrollment specifications, and support these processes both for conversion and ongoing enrollment. The same interface will also be used for reporting account information back to the UIA. The batch transfer process requires no manual entry or intervention by UIA staff to initiate since it is an automated daily process. Files can be transmitted daily or at more frequent intervals as deemed necessary by the UIA.

Contractor standard file format is defined in the eCap Interface Guide included in Appendix 7. This document describes the batch enrollment process, and provides a structure and process for facilitating batch enrollment of new customer accounts.

Standard batch process uses File Transfer Protocol (FTP) to exchange encrypted fields with UIA. Pretty Good Privacy (PGP) encryption is a highly secure file encryption process and is further defined within the eCap interface guide in Appendix 8.

Online Enrollment – Authorized UIA personnel may also use ASC to set up new cardholder accounts. The ASC, which is accessed through a secure website, supports online enrollment, cardholder search functions and reporting.

Agent Service Center Security – contractor to use a SSL protocol to ensure that a user connection and information accessed are secure from outside inspection using 128-bit SSL encryption.

2. The Contractor will process the enrollment file. The Contractor will create a master account for each participant. This master account will include a dedicated Routing/Transit and Account number.

Account numbers for each cardholder are assigned by Contractor upon receipt of an electronic batch file or Agent Service Center online Web Enrollment. Upon receipt of the complete file, JPMorgan Chase will process the file and establish an individual Electronic Deposit Account (EDA) in the cardholder's name. Once this account number is established (during file acceptance and hand-off process of cardholder enrollment) the individual assigned cardholder account number and Routing and Transit Number is provided to UIA.

3. The Contractor must not deny any Cardholder referred by the State for participation in the debit card program.

Contractor will accept for participation all claimants enrolled through the UIA Debit Card program. Contractor will not decline any claimant from this program due to derogatory credit, a history of Non-Sufficient Funds (NSF) checks or any other reason that usually results in denial of conventional banking services. Contractor will not perform a credit check or review on any cardholders enrolled into the UIA Chase Direct Payment Card program.

However, Contractor reserve the right to close an account of any cardholder that willingly abuses the program and/or commits fraud. Should this happen UIA will be able to meet their obligation to make timely payments by allowing the claimant to enroll in direct deposit or issuing them a check.

Additionally, financial Institutions within the United States are required by the USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001) and the Bank Secrecy Act to match their account lists with lists periodically provided through the U.S. Office of Foreign Assets Control (OFAC) of known money launderers or suspected terrorists. Contractor will abide by all banking regulations including account verification as directed by the US Government. This verification process is the direct responsibility of the Contractor and requires no intervention from UIA. While we have never experienced a match with any US account holder, if one would occur with a UIA cardholder, Contractor would discontinue service to that cardholder and take any action required by Federal law. Notification would be made to UIA in order for UIA to use a substitute payment method, i.e., direct deposit or check, to the identified cardholder.



4. The Contractor will send a response file to UIA acknowledging receipt and processing of the participant information. Included with this file, are the participant's new Routing/Transit and Account number.

Contractor will exchange batch enrollment files using a FTP via the public internet. To maintain the security of files exchanged with the State, Contractor uses PGP, the industry standard for multi-key file encryption, for all files exchanged with the state.

Through the Batch Enrollment process, we will send an acknowledgement file to UIA that allows for the exchange of new claimant information, newly created account information, and demographic update information. Files may be exchanged daily, or on a more frequent schedule if desired by UIA.

Direct Deposit Enrollment – for those claimants who have enrolled to receive their benefits via Direct Deposit, the contractor will transmit a daily file to UIA with the claimants' direct deposit banking information including the routing transit and account number.

5. The Contractor must create a card for each individual and distribute the card along with all appropriate inserts such as educational material, operating guidelines, and disclosure information.

Contractor will issue one Chase Direct Payment Card along with the appropriate inserts to each cardholder enrolled into the program upon enrollment notification received from UIA. Each cardholder will receive a Chase Direct Payment card via U.S. Mail that contains their card and appropriate inserts such as educational material, operating guidelines, and disclosure information. Materials cardholders will receive include:

- a. Card carrier, with printed information about the Program, how to activate their card, contact Customer Service, and protect their card.
- b. Frequently Asked Questions (FAQ) Brochure which provides answers to the most commonly asked questions.
- c. Terms and Conditions which explain the cardholder's rights and responsibilities.
- d. Allpoint awareness stuffer that contains information about their surcharge free ATMS.

6. The Contractor must notify and provide to the UIA a listing of non-activated cards within 30 days of first load.

Contractor's Agent Service Center provides daily updated account information related to cardholder account activation. The Card Activation Summary Report provides program level details and Cardholder Status Activity Report identifies cards which are both activated and non-activated. The Cardholder Status Activity Report is self-selected by date range and then sorted by activation status of card account. The report will provide the data elements that identify which cards have not been activated. In addition to the above, the contractor will provide UIA with a daily End of Day refresh file reflecting daily cardholder activations along with other demographic update information.

7. When a Card is returned by the United States Postal Service as undeliverable, the Contractor shall notify the State within the negotiated timeframe.

Upon receipt of cards returned by the U.S. Postal Service as undeliverable, Contractor will update the status of these cards within its system and will destroy the card. This data is updated in the Contractor's system and is available to the UIA via the on-line Client Agent Service Center the next calendar day via the Cardholder Status Report. This report is available for cards returned as undeliverable for the prior 180 days.

8. The Contractor acknowledges that the State reserves the right to approve the name, design and graphics of the Card used by the Contractor. The State also reserves the right to review and approve all instructional materials sent by the Contractor to Cardholders. The card design shall become property of the State of Michigan.

Contractor agrees that UIA reserves the right to approve the name, design, content and graphics of the offered VISA branded debit card. We also agree that should UIA select a custom designed card graphic created by either Contractor or UIA, this selected custom card design will become the property of the State of Michigan.



- a. Contractor will submit to UIA samples of card designs for consideration.
- b. Contractor will work with UIA to design the card carrier used for the delivery of the card to cardholders. (Card carrier may be used to provide specific card details including card activation instructions). Standard bilingual language, English and Spanish is provided.
- c. Contractor Chase Direct Payment Card and card carrier design will meet industry standards and association guidelines.
- d. Contractor agrees to receive approval from the State on all cardholder materials supporting the contractor's Direct Payment Card Program.

9. The Contractor will accept reversals from UIA for any credit entries made in error to a Cardholder account. Reversals may be for the full amount of the transaction, or for an amount less than the original transaction.

Contractor will accept reversals from UIA for any payments made in error to the claimant's account in accordance with NACHA rules, regulations and procedures. Under the NACHA rules, UIA may rescind a deposit entry made in error within five business days of the original entry. Contractor will also provide authorized UIA users with access to cardholder accounts for real on-line adjustments for amounts which are less than the original dollar amount credited by UIA. Notification of deductions processed by NACHA reversal or on-line adjustment access by authorized UIA user is provided to cardholders via Transaction History Details at www.myaccount.chase.com. Contractor will also include all transaction History Details within the cardholder's monthly Chase Direct Payment Card account statement.

10. The Contractor will provide a schematic with locations of all ATM's and branches inside the State of Michigan that offer fee free transactions. Outside the State the Contractor shall provide at least one method to locate an ATM or branch location via a toll-free customer service telephone service or via a website. It is imperative that recipients living in Canada are able to access the Contractor's EAC product both through ATM's and POS terminals. The Contractor's listing should include all current sites and any changes anticipated.

Contractor maintains a solid presence in the State of Michigan with over 290 full service branches and 412 Chase branded ATMs. In addition to the Chase ATM and branch network, we also offer UIA cardholders surcharge-free access to the

11. Allpoint ATM Network. The Chase and Allpoint ATM networks combined provide direct, surcharge-free access to over 1,170 locations within Michigan and over 48,500 ATM locations throughout the U.S. (Appendix A). Cardholders may also access updated ATM and branch locations for Chase Bank, Allpoint and Plus ATMs at any time by accessing the internet-based locators:

- Chase – <http://www.chase.com>
- Allpoint – <http://www.allpointnetwork.com/>
- Plus ATMs – <http://www.visa.com>

12. The Contractor shall provide at least (1) one replacement card per calendar year at no cost to the state or claimant. Contractor includes two free ATM withdrawal transactions per load, at no charge, at any Chase or Allpoint ATM in Michigan and throughout the country. No fee will be charged by JPMorgan Chase and no surcharge will be assessed by the ATM owner for the two free transactions per load. In addition, there will never be an ATM surcharge at any Chase or Allpoint ATM, including transactions that exceed two per load. There are currently over 1,170 Chase and Allpoint locations throughout the State of Michigan, and approximately 48,550 throughout the United States.

13. The Contractor must provide for no fee balance inquiries via ATM, Telephone and Web inquiry.

Balance inquiry on-line

Cardholders can access their card account balance via online at www.myaccount.chase.com. Cardholders will be required to enter their security access codes for authentication. Once access is granted, cardholders will enter their card number and PIN. The card account balance is immediately presented along with additional transaction history information.

**Balance inquiry via Toll-Free Customer Service**

Cardholders are provided a toll-free number to communicate with Customer Service at no cost to either UIA or the cardholder. Access is available 24 hours a day, 7 days a week supported by our IVR in both English and Spanish. Over 170 additional languages, including Arabic, are supported by our service center to assist cardholders. Once cardholders access the IVR, the cardholder is required to input their card number and telephone access code (a number established by the cardholder), the IVR will immediately speak the cardholder's current balance before presenting the cardholder with any additional options. As this is the most common reason for a cardholder to contact customer service, we provide this information immediately.

Balance inquiry at the ATM

Cardholders may also obtain their account balances at an ATM, however, ATM operators may impose a fee to the cardholder for accessing this service. In most cases, ATM operators notify the cardholder of the service fee prior to performing the balance inquiry transaction. The cardholder is given the opportunity to decline the request.

14. Cards will stay active for at least one (1) year from last account activity.
15. Contractor agrees to assume all Regulation E responsibility to the card.
16. The Contractor will provide a monthly mailed statement to cardholders who opt to receive them. Cardholders will also have the ability to access their monthly statements by accessing the cardholder website www.myaccount.chase.com
17. The Contractor must respond to Cardholder inquiries regarding card transactions within the negotiated timeframe. Contractor's Customer Service Department will respond to all cardholder situations related to a Chase Direct Payment Card account. Customer Service will be available twenty-four 24 hours a day, 7 days a week. In the event a cardholder wishes to dispute a transaction posted to their account, they could contact the contractor's customer service, where a CSR can review the charge with the cardholder. If the cardholder still wishes to dispute the transaction, the CSR will document the dispute on line and provide details regarding the dispute procedures. The contractor's investigation unit will follow procedures and timeframes as specified with the VISA Operating Rules and Regulation E for resolving the cardholder disputes. The contract will initiate any investigations necessary to correct system errors or other problems reported by a cardholder.
18. The Contractor will not charge the Cardholder a monthly account fee.
19. The Cardholder shall be able to choose and change the PIN
The Chase Direct Payment Card product allows each cardholder to select, and change, their PIN at any time easily and conveniently.

EFT REQUIREMENTS:

1. Contractor is electronic funds transfer (EFT) capable. The bank can and does use NACHA's PPD ACH format.
2. Contractor will apply relevant sections of Regulation E providing claimant protection under the Electronic Funds Transfer Act of 1979. JPMorgan Chase will also apply the relevant NACHA rules for all EFT transactions.
3. Contractor will provide a comprehensive, multi-channel enrollment solution that will allow claimants to enroll to receive their unemployment insurance benefit via direct deposit. Through the subcontractor, NoCheck, a customized, secure website that claimants can link to directly from the State's UIA website. The site will have a similar look and feel to the UI website in order to provide the claimant with a seamless enrollment experience. The site will provide instructions on how to enroll for Direct Deposit and offer the claimant the option of enrolling on-line, via an 800 number phone call, or via a downloadable, mail in form.
4. Contractor will provide all functions and data entry for claimants who want to sign up for electronic fund deposit.
5. Contractor will send a prenote transaction through the ACH network to the receiving depository financial institution. Any notifications of change (NOC) received will be applied, thereby providing UIA with the most accurate claimant banking information. Should the prenote reject, the Contractor will contact the claimant via phone or email to correct the information.



6. Contractor will transmit daily to the UIA the direct deposit enrollment information, including bank routing transit and account number, for each claimant that has enrolled in Direct Deposit.
7. Funds to be transmitted to the claimant's financial institution within 1 business day from the receipt of funds. The UIA can initiate an ACH file up to 11:00 p.m. ET one business day prior to settlement date
8. Contractor will make funds available to all claimants receiving their benefit via a debit card account or a direct deposit account with JPMorgan Chase at the opening of business on the settlement day assuming the ACH file is received from UIA by 11:00 p.m. ET the day before settlement. To ensure that funds will be available at the beginning of the day on settlement day for claimants choosing direct deposit to accounts at other financial institutions, Contractor recommends that UIA transmit the transaction two days prior to the settlement day.
9. If a transfer to a participant's account should fail, a debit card should be sent to claimant with explanation of EFT failure. UIA will be notified daily of any funding transactions that were rejected by the receiving depository financial institution (RDFI). UIA will either correct the routing information or enroll the claimant in the debit card program. UIA can send the enrollment request via the batch enrollment process or immediately on-line through the Agent Service Center. Once JPMorgan Chase has received the cardholder enrollment, we will issue and mail a card to the claimant within two business days.
10. Contractor will deposit benefits paid on a reopened claim to the account on record. Accounts opened with claimant enrollment will remain open throughout the life of the contract and can accept deposits from UIA at any time.
11. Contractor will reimburse the claimant for reasonable bank related expenses for failure to transfer funds to the claimant's financial institution as directed by the State.

BENEFIT ACCESSIBILITY:

1. Provide a schematic of fee free ATM and direct teller sites located in Michigan, Nationally, and Internationally.
2. The Customer Service call centers are located in Chicago and Elgin, Illinois to serve all calls related to UIA's program. Both centers will support UIA with a dedicated core staff and will also handle cardholder customer service calls transferred to live representatives from our Interactive Voice Response (IVR) platform. NoCheck, Contractor's sub-Contractor for direct deposit enrollment services, will provide a call center based in Novi, Michigan for Direct Deposit enrollment support. The NoCheck call center is staffed 9:00 am to midnight ET with trained CSRs who will guide claimants through the Direct Deposit enrollment process.
3. Provide a description of the proposed network for access by ATM. Contractor's Debit Cards offer worldwide access to deposited funds at approximately 14,150 ATM locations in Michigan, 16,200 ATM locations in Canada and more than 909,000 ATM locations throughout the world

1.102 OUT OF SCOPE- RESERVED

1.103 ENVIRONMENT

While the majority of the core UIA system resides in a mainframe environment, UIA has implemented several remote, self-service applications for use by its external customers. These remote applications currently use server-based applications to access Oracle databases, which in turn use Websphere MQ messaging or FTP to transfer and update the OS390 mainframe database. UIA uses two separate IVR systems (one connected to the mainframe and one to Oracle) to gather claims data, and passes some of these calls to a PBX and ACD system relying on intelligent routing. While the majority of the data processing transactions occur in the mainframe environment, the data entry points (where UIA interacts with their internal and external customers) have increasingly relied on new technologies.

1.104 WORK AND DELIVERABLE

Contractor shall provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

1. VISA branded Chase Direct Payment Cards will be mailed to each enrolled claimant, along with useful instructional and informational materials. Claimants will have the ability to purchase goods and services by a signature-based transaction at thousands of locations in Michigan that accept VISA debit and millions of locations throughout the world.



They can also use the cards to get cash back with purchase for PIN debit and transactions, giving them convenient, alternatives to access their deposited funds whenever and wherever they choose. These merchants will display the Interlink Logo. This program conforms to all governing by laws and applicable operating rules.

2. Chase Debit Cards offer worldwide access to deposited funds at more than 909,000 ATM locations throughout the world displaying any of the following logos:



this Contract includes two free ATM withdrawal transactions per load, at no charge, at any Chase or Allpoint ATM in Michigan and throughout the country. In addition, there will be no ATM surcharge at any Chase or Allpoint ATM, including transaction that exceed two per load. There are currently 1,170 Chase and Allpoint locations throughout the State of Michigan and approximately 48,500 throughout the United States. Additional cardholders will have the ability to purchase goods and services at more than 27 million retailer locations worldwide that accept VISA debit, and receive cash back.

3. Cardholders will have unparalleled access to state of the art debit card technology as described that is currently active an available to all cardholders. Claimants will have access to their funds at virtually any ATM in the United States and most ATMs around the world—more than 1 million ATM locations.
4. The Chase Direct Payment Card, a debit card, does not include a line of credit. Cardholders are only provided access to funds which have been authorized and loaded electronically via ACH by UIA.
5. The funding security feature eliminates the ability of cardholders to have access to the depositing card account number mitigating any risk of cardholder or other sources of funding the card account. Therefore cardholders will not be able to make deposits or add value to the card.
6. The Cardholder must not be able to negotiate checks against the Card or underlying account(s). The specific account information required for direct deposit is only provided to UIA and thus eliminates the ability of the cardholder to negotiate checks against the card or the underlying account. Therefore cardholders will not be able to write checks against the card or underlying accounts.
7. Contractor agrees to return all unused funds related to inactive accounts established under the EPC program to the UIA within a time period designated by the Agency and agrees to comply with this requirement consistent with the laws of the State of Michigan and the U.S. Federal government. Cardholders will be required to activate their debit card and by doing so acknowledge all Terms and Conditions of the Direct Payment Card program and participation. For any card account with funds remaining in a claimant's inactivated debit card account one year after card issuance, the deposited funds will be returned to the UIA. The contractor will produce a report based on a one year eligibility cycle of inactive debit card account identifying deposited funds in which there has been no activation. The contractor will return those funds to UIA.
8. Cardholders have the ability to choose or changed their PINs at no cost and any time through the secure Web site or by placing a toll-free telephone call to the Customer Service Unit
9. The operating network must disallow any transaction that causes the Cardholder to exceed the amount available in the account. In no event shall the State be in any way liable for any transaction or other associated costs that cause the Cardholder to exceed the amount available in their account. The State will not have any responsibility or obligation for such overdrafts, nor for any other costs or liabilities incurred by the bank due to the actions of a participant.



10. Contractor will supply UIA with information that allows the agency to initiate and transmitting account setup and funding to the claimant's account (transit routing number, which is the same for all accounts,) the claimant's account number and the account type. The Contractor will provide its standard file format to UIA, providing technical specification for design and delivery of claimant enrollment information.
11. Contractor agrees to establish, activate and re-activate a cardholder's account at no cost to the cardholder or UIA. However, Contractor reserves the right to close an account of any cardholder who willingly abuses the program and/or commits fraud. Should this happen, UIA will be able to meet their obligation to make timely payments by allowing the claimant to enroll in direct deposit or issuing them a check. Financial Institutions within the United States are required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT ACT) and the Bank Secrecy Act to match their account lists with lists periodically provided through the U.S. Office of Foreign Assets Control (OFAC) of known money launderers or suspected terrorists. The contractor will abide by all banking regulations including account verification as directed by the U.S. Government. This verification process is directly the responsibility of the bank and does not require intervention by UIA.
12. Contractor offers a file delivery solution that allows the UIA to send and receive ACH files via the Internet using SSL session encryption, browser base file exchange (HTTPS) or FTP with PGP or GNUPG file encryption. These three delivery methods leverage the Internet and readily available software packages to make transferring files simple and secure for the UIA without added cost of proprietary software installation. Additionally, for Direct Payment Card, the contractor supports a daily "End Of Day" Refresh File, that contains cardholder account and demographic updates which will be forwarded to UIA on a daily basis. The contractor also offers EC Gateway, which is an electronic communications and security infrastructure that provides standard internet file communications and a high security interface for delivery and receipt of transaction and data files between clients and the contractor. EC Gateway offers advanced global assess channels via the Internet using secure file transfer protocol (SecureFTP), simple mail transfer protocol (SMTP) and HTTPS protocols, combined with public/private key infrastructure (PKI) security.
 - Digital signature authentication
 - Full-strength encryption
 - Digital certificates (X.509 compliant-standard, industry-accepted form of the digital certificate)
 - Non-repudiation of messages

During implementation, the contractor will work with UIA to determine the appropriate file transmission method.

13. Contractor will supply UIA with information that allows the agency to initiate funding to the claimant's account. Reconciliation of payments is managed between UIA and its Originating Depository Financial Institution (ODFI). As the Receiving Depository Financial Institution (RDFI) for the card funding transactions, Contractor will acknowledge receipt of the ACH loads with the ACH Operator. Contractor supports NACHA's Preauthorized Payment and Deposit (PPD) format.
14. Contractor will immediately deposit all funds to the account designated within individual ACH records upon receipt, unless the deposit has a future effective date. Contractor will make funds received by standard ACH file notification available to cardholders no later than the close of business on the business day received by Contractor. In most instances, funds will be available to cardholders the morning of the same day. For the Direct Payment Card program, funds received by UIA will be posted within 24hrs. In the event funds are deposited to a cardholder's account before the cardholder has activated their card, the cardholder will have access to all deposit funds immediately upon activation. The contractor will make funds available to all claimants receiving their benefits via a debit card account or a direct deposit account with Chase at the opening of business on the settlement day assuming the ACH file is received from UIA by 11:00 p.m. ET the day before settlement. To ensure that funds will be available at the beginning of the day on settlement day for claimants choosing direct deposit to accounts at other financial institutions, this contractor recommends that UIA transmit the transaction two days prior to the settlement date.



15. Cardholder information must be protected and kept confidential. Contractor will not offer for sale or use any form of cardholder information for commercial and/or marketing purchases. MES Act, Section 421.11 restricts dissemination of claimant information to Federal and State entities upon the approval of UIA. Contractor does not and will not use cardholder information for marketing purposes, either for internal or external purposes. Contractor shall follow industry standards and procedure to mitigate risk –risk of loss, destruction or theft of physical asset and date; risk of unauthorized access to customer information. Contractor's hiring process incorporates background checks and drug and illegal substance screening processes. Further, contractor will integrate information Security Awareness into their new employee orientation training programs as well as required annual refresher training for existing employees. Contractor will expand their current policy of security review for individuals who have access to the UIA's customer service information. This process will also extend to subcontractors, Nocheck and Temporary Employment Services.

16. Contractor must provide details of the security package, processes and procedures to be used for access control to cardholder information.

All cardholder data, including cardholder demographics and card numbers are transmitted via encrypted channels using industry standard security. Cardholder information is never transmitted via email as email is considered by JPMorgan to be an insecure medium.

Contractor uses several proven control measures to ensure that cardholder data is not accessible by unauthorized persons and/or companies.

Physical access to sensitive materials is restricted through controlled access to operating facilities and file rooms.

Established security procedures include:

- All data transferred between any remote location and the JPMorgan host processing systems is fully encrypted from point-to-point.
- Access to the cardholder website requires an active card number and valid PIN. Passwords are not displayed when entered, and are stored in the host database in an encrypted format that can not be decoded by any third party.

A Secure Sockets Layer (SSL) protocol will be used to ensure that a user connection and information accessed are secure from outside inspection using 128-bit encryption. In order to protect the security of financial data, Chase will implement additional levels of dual factor security authenticating authorized user access through its network. Batch files transmitted between State and JP Morgan Chase must either be encrypted using PGP file encryption or must be transmitted over an encrypted telecommunications line. Automatic logout is also used to restrict access by unauthorized users. User sessions on JP Morgan Chase's Agent Service Center are automatically logged off after a period of ten minutes of inactivity. Each of the contractor's employee and service providers are required to sign appropriate confidentiality agreements, which require that business, cardholder, and other privileged or sensitive information remains confidential and is not divulged to any unauthorized party. Access to sensitive information is further restricted to only those individuals with a demonstrated need to know.

17. Contractor must deal directly with claimants regarding:

- 1) Issuance of cards and replacement cards. One replacement card per benefit year will be offered at no cost to either UIA or the claimant.
- 2) Pin changes, withdrawals, account balances. Cardholders have the ability to directly select the PIN of their choice at the same time they activate their initial cards. They also have the ability to change their PINs at any time with proper verification of their identity.
- 3) Fraudulent use of cards, accounts overdrafts, etc. To prevent unauthorized transactions before they occur, Contractor performs online authorization for nearly all purchase transactions, and all ATM transactions. As soon as a transaction is authorized, the amount withdrawn or used for purchase is immediately deducted from the cardholder's account balance.

Once an account has been established by Contractor for a claimant, Contractor will work directly with them regarding the issuance of cards and replacement cards, PIN changes, withdrawals, account balances, fraudulent use of the card as well as account overdrafts

**PROCESS SPECIFICATIONS:**

The Federal Government and the State of Michigan MES Act requires timely payments be made to recipients. To accomplish this, the Contractor must meet the following timelines:

1. Contractor agrees to receive on a daily basis from UIA/DIT:
 - A new account file containing information necessary to set up new accounts, issue cards, direct deposit
 - A payment file containing deposits with assigned account numbers and other required identifying information.

Contractor will provide the negotiated information in the file format to be used electronically transmitting account setup and payment data to UIA/DIT over a secure data connection. Additionally, contractor will include an interface guide which defines their standard file format for exchanging new account enrollment and deposit information for newly created accounts. The same batch enrollment process will be used for ongoing enrollment. Contractor recommends UIA to use the same file format and process as this process requires no manual intervention by Michigan staff to initiate. Furthermore, the contractor proposes that all deposits, whether to direct deposit or card accounts, be transmitted by Michigan via ACH, which only operates on banking days and follows the Federal Reserve holiday calendar.

2. Contractor understands and agrees that within two (2) calendar days of receiving the new account file the Contractor will:
 - Establish an account for the cardholder
 - Provide the UIA with the cardholder's account number and any other information necessary for the UIA to begin making payments
 - Issue card and appropriate information inserts to the cardholder
- New Account Creation

All new enrollments will be transmitted to the contractor's card production vendor no later than the subsequent 24 hour period following enrollment, regardless of enrollment method (batch or web).

Business Days

- Day 0 – Enrollment file received by 9:00p.m. EST, Enrollment file processed by 10:00p.m. EST
- Day 1 – File Sent for card production
- Day 2 – Card produced and mailed to cardholder

3. On a daily basis the UIA shall receive from the Contractor
 - a. A file containing new Debit Card account numbers
 - b. A file containing Direct Deposit information received and processed by the contractor
 - c. All other information necessary for the State to properly make payments

Contractor uses batch enrollment files to exchange claimant enrollment information with UIA. Contractor will provide their batch process and enrollment specifications, and support these processes for ongoing enrollment. The same interface used by UIA to report enrollment information will be used for reporting information back to UIA. Files can be transmitted daily, or at other frequencies or intervals requested by UIA. Immediately after accounts are established, the necessary account details required for direct deposit will be transmitted to the UIA within a Batch Enrollment Acknowledgement File. As required receipt of electronic deposits will be through the ACH in standard NACHA formats.

For Direct Deposits, each business day the contractor will transmit a file containing enrollment information including bank routing transit and account number information for each claimant that has successfully enrolled in direct deposit. Note: Electronic transmission of the direct deposit files will follow NACHA standards for transmission of funds and payment information.

**ADDITIONAL SPECIFICATIONS:**

1. Contractor will provide a monthly mailed cardholder statement to those cardholders that opt to receive them. Cardholders will also have the ability to access their monthly statements by accessing the cardholder website www.myaccount.chase.com. The website is available 24 hours a day, seven days a week. Claimants will be able to access up to 60 days of detailed transaction history and balance information.
2. Contractor agrees not to close a cardholder's account without the concurrence of UIA. However, we reserve the right to close an account of any cardholder that willingly abuses the program and/or commits fraud. Should this happen UIA will be able to meet their obligation to make timely payments by allowing the claimant to enroll in direct deposit or issuing them a check
3. Contractor shall be required to retain records for a period of 7 years, and may need to produce records or provide testimony as a keeper of record pursuant to a valid Court Subpoena. Contractor will maintained a minimum of 180 days of on-line data, with data routinely archived to tape and securely stored indefinitely at an off-site location. Data will be purged in accordance with UIA directives and will be stored and accessible in compliance with applicable Federal and State requirements. Should the need to obtain data from archive UIA may submit a request for information to the Central Support Help Desk for fulfillment.
4. The Contractor shall provide that all accounts set up for claimants under the EAC program are insurable to FDIC limits per individual payments.
5. Contractor understands the need for certifications of transactions, and provides them upon proper request.

CUSTOMER SERVICE TO CARDHOLDERS AND/OR DIRECT DEPOSIT,

1. UIA will be notified of changes affecting Chase Direct Payment Card cardholders in writing by Contractor a minimum of 30 days prior to the implementation of the change.
2. In accordance with federal Regulation E, cardholders will receive a minimum of 21 days advance written notice of changes in policy or procedure that affect them. Any notification of changes in cardholder accounts will be sent to cardholders by Contractor. Cardholders may be notified through either the use of statement stuffers or direct mail to inform them about changes in policy changes.
3. Disputes and Unauthorized Usage:
Contractor front-line Customer Service Representatives (CSR) are trained to resolve the majority of issues that may be presented by callers. However, in certain circumstances, the need may exist to escalate a call for problem resolution or in the event a caller is not satisfied with the CSRs response. The goal of our customer service organization is to resolve cardholder complaints during the cardholder's initial call, whenever possible. To support this goal, Team Leaders and Supervisors are available at each call center site 24 hours a day, 7 days a week to handle any calls which require escalation.
4. In the event a cardholder wishes to dispute a transaction posted to their account, they should first call Customer Service, where a CSR can review the charge with the cardholder. Should the cardholder still wish to dispute the transaction, the CSR will outline the dispute procedures and any required correspondence to the cardholder.
5. UIA will assume no liability for fraudulent transactions resulting through the Direct Payment Card program. Cardholders will be protected against fraudulent transactions through Regulation E, as well as VISA's Zero Liability policy. Any card that has had five or more unsuccessful PIN entry attempts will be deactivated. The card will not be able to authorize a transaction until midnight of the day of occurrence, when it will be automatically reset. The number of unsuccessful transaction used to deactivate cards is parameter driven, and could be changed by UIA's debit card program if transaction patterns indicate that more less security is needed.

Cardholder accounts that have a negative account balance for a defined period of time will be deactivated by the system and UIA will be notified. Contractor will used value load monitors to detect unauthorized deposits to cardholder accounts.



6. Upon receipt of cards returned by the U.S. Postal Service as undeliverable, Contractor will update the status of these cards in the Contractor's processing system. This data update is available via on online Agent Service Center (ASC) the next calendar day through the Cardholder Status Report. This report is available for cards returned as undeliverable for the prior 180 day period. Additionally, UIA may also use our monthly Card Activation Summary Report to review monthly totals of cards activated, not activated and returned undeliverable. Further, Contractor will automatically provide the "End of Day Refresh" file reflecting daily cardholder activation and demographic information.
7. Should a cardholder require a replacement of a lost, damaged or stolen card, they will be instructed to immediately contact customer service via our toll-free telephone number. Instructional materials for reporting a debit card as lost, stolen or damaged by a cardholder are included with each new card account delivery package at the time of cardholder enrollment. Once a card is reported as lost, damaged or stolen, the old card is immediately deactivated and a new card is issued to the cardholder. Funds remain within the cardholder's account and once received and activated, the cardholder may access their funds with their replacement card.
8. After reporting a card as lost, stolen, damaged or name change, a fully trained CSR will explain to the cardholder the card replacement delivery options available. Standard replacement cards are mailed by first class U.S. Mail at no cost to the cardholder. Expedited delivery of replacement cards is available with an overnight delivery fee charged to the cardholder.
Requests for card replacement can either be through contacting Customer Service, through our Internet Cardholder website or in writing. Card replacement will occur within two business days of receiving a cardholder request.
9. Summary of Offered Cardholder Services:

Contractor will establish Direct Payment Card accounts for claimants as directed by UIA. A VISA branded Chase Direct Payment Card will be mailed to each enrolled claimant, along with useful instructional and informational materials. The services are supported by a consumer-owned asset account—an actual bank account owned by each enrolled cardholder, offering the full protection of Federal Reserve Regulation E and FDIC insurance to protect the funds. Contractor will accept deposits from UIA and make them available to claimants in a timely manner.

Direct Payment Cards offer claimants a faster, safer, more convenient and economical alternative to receive their Unemployment benefits. Funds are deposited electronically, eliminating concerns about mail delays and the need to replace lost or stolen checks. Claimants will have convenient 24-hour access to cash either at Automated Teller Machines (ATMs), Personal Identification Number (PIN)-based retail Point-Of-Sale (POS) locations or at bank branches.

Retail Purchases— Claimants will have the ability to purchase goods and services at over 170,000 locations in Michigan, over 6.9 million in the United States and over 20 million locations throughout the world that accept Visa debit. Cardholders can also use their assigned debit card to receive cash back at participating merchants with purchase for PIN debit transactions, giving them convenient, alternatives to access their deposited funds whenever and wherever they choose.

Extensive ATM Access—Chase Debit Cards offer worldwide access to deposited funds at over 13,100 ATM locations in Michigan, 16,203 locations in Canada and more than 909,000 ATM locations throughout the world displaying any of the following logos:





Surcharge-free ATM Access—JPMorgan Chase Debit Cardholders will have the ability to withdraw funds from ATMs without paying surcharge fees at approximately 1,174 ATM locations in Michigan and more than 48,550 throughout the country. Surcharge-free ATMs are located throughout Michigan, in both urban and rural locations. Many of the surcharge-free ATMs are located at retail stores, convenience stores, gasoline stations, pharmacies and other types of establishments convenient to most claimants.

Bank Teller Access—Claimants will also have access to withdraw funds from VISA participating branch locations utilizing branch teller services. Currently there are over 3,220 member branch locations in Michigan, 93,342 member branch locations within the United States, over 39 member banks' branch networks in Canada and approximately 20,000 member branch locations internationally. Cardholder withdrawals are processed in accordance with the VISA operating rules and regulations for over-the-counter transactions.

Toll-free Telephone Support—Cardholders will have 24 hour a day, 7-day a week telephone and Web-based support in English and Spanish, as well 170 languages including Arabic through the AT&T Language Line service, for balance inquiry, lost/stolen cards, investigation of transactions, and other services.

Retail Promotions—VISA cardholder promotions, discounts at retailers for purchases made with the card and rebates will be available to all cardholders in the program and will be communicated through statement inserts as they become available.

10. Contractor currently has the ability to mail Chase Direct Payment Cards outside the United States, including FPO/APO addresses. Delivery is provided by regular US mail delivery service. Cards cannot be delivered to countries identified by the OFAC.

All cardholders, regardless of their location, can access the JPMorgan Chase Cardholder website at www.myaccount.chase.com for account information and CSR support. Cardholders residing in the United States and Canada will have the ability to communicate toll-free with Customer Service 24 hours a day, 7 days a week for assistance with questions related to their Direct Payment Card and transaction information.

11. Contractor offers both clients, such as UIA, and cardholders the ability to access detailed account information via secured website. For UIA, the Contractor will provide authorized state staff a unique URL link to access our proprietary ASC application. This application provides each client with a host of standard reports. Each client system user is issued a unique user identification and password, approved by the client, for entry to the network gateway. Individuals are assigned with the authorized level of security access, assigned by the client, to allow the client's employee the ability to perform online functions via the ASC site. All system ASC transactions and changes are tracked by user identification for audit and compliance control. Information is stored at a hierarchal level and available for review..

Cardholders also have access to a secure website, www.myaccount.chase.com which enables the cardholders to review their detailed debit card account information and to have internet access directly to customer service. Information for cardholders with online access includes transaction history, debits, credits and adjustments posted to the cardholders account or other information which UIA wishes to communicate to each cardholder. Contractor will be expanding the Direct Payment Card offering to provide an optional service that would allow UIA to provide supporting documentation to cardholders electronically for a small fee

12. Contractor provides a variety of options through which cardholders can obtain account information. Our Customer Service Center is available 24 hours a day, 7 days a week to assist cardholders and offers cardholders both IVR and CSR assistance. Claimants may also obtain information through our secure cardholder My Account website.
13. Contractor provides customer support for cardholders who contact the Customer Service Center using Teletypewriter (TTY) services. TTY capability is a service that is provided to clients by third parties on a local basis. Contractor's current process, which complies with the Americans with Disabilities Act (ADA), provides the same level of service for all callers, including hearing-impaired callers.
14. Cardholders who require additional language support, should contact our Customer Service Center using the toll-free number. Contractor maintains a contract with the AT&T Language Line service. This contract allows us to expand our **multi-lingual capability to over 170 languages including Arabic.**

**15. PIN Select for Initial Card Issuance**

After the initial card issuance, cardholders will be required to call a toll-free telephone number to activate their cards. After they positively identify themselves through security information stored associated with their enrollment record, and select a telephone access code, cardholders will complete the process of activating their card for use. Upon completion of the activation, they will be prompted to select a PIN. They will enter the selected PIN twice to verify that they entered the correct information.

PIN Select for Replacement Card Issuance

Should a cardholder lose or otherwise require a replacement card, they may simply use their existing PIN with their new card. Our solution does not require cardholders to obtain a new PIN each time they receive a card. Old cards are deactivated and cannot be used with the PIN under any circumstances. If a new PIN is desired, cardholders may contact customer service at any time to select a new PIN.

Forgotten PINs

Claimants may receive assistance by calling toll-free Customer Service for assistance if the cardholder can not remember their PIN. A trained CSR will assist the cardholder with PIN support. It is important to mention that CSRs cannot view or retrieve cardholder PINs from the Contractor's platform. The CSR will assist the cardholder with providing the steps necessary for allowing the cardholder the ability to select a new PIN instantly over the phone.

Compromised PINs

If a claimant believes that their PIN has been compromised they should immediately change their PIN using the IVR or secure Web site. If the cardholder suspects that the card has been used fraudulently, they must speak to a CSR who will process the appropriate dispute procedures.

Cardholders have the opportunity to dispute transactions that they report as unauthorized. The JPMorgan Chase claims investigation unit will follow procedures specified in Regulation E for resolving cardholder disputes. Apparent attempts at fraud may be reported to the JPMorgan Chase fraud investigation unit. The fraud investigation unit is trained to investigate these and other cases brought to their attention by fraud detection methods.

16. Cardholders wishing to learn their balance have three options available to them: toll-free telephone customer service, online via our Cardholder Internet website, or via a balance inquiry transaction at an ATM.**17. For Direct Payment Cards, Contractor does not impose per-transaction or per-day withdrawal limits. However, many ATM owners impose per-transaction ATM withdrawal limits. Chase ATMs currently limit transaction amounts to \$500 per withdrawal, but have no daily limits.**

The available increments of withdrawal depend on the particular ATM used by a cardholder.

There are no limits on the number of transactions, ATM or debit that may be performed by a cardholder on a given day.

Contractor does not restrict the number of signature or point-of-sale transactions a card holder makes on a daily basis. In addition, there are no limits to the number of over-the-counter transactions cardholders can perform at participating bank teller locations.

18. Currently, there are no specific disallowed transactions provided the transaction is performed at a merchant or ATM displaying the network logo found on the reverse of the card and there is sufficient balance in the account for the transaction amount requested.**19. Contractor's Direct Payment Card services solution complies with the Graham–Leach–Bliley (GLB) Financial Services Modernization Act, which governs the collection and disclosure of customers' personal financial information by financial institutions.**

Title V of the Act requires financial institutions to protect the privacy of personal financial information. Financial institutions governed by this act include not only banks, but also companies providing other types of financial products and services to consumers. Specifically, the act:



- Requires clear disclosure by all financial institutions of their privacy policy regarding the sharing of non-public personal information with both affiliates and third parties.
- Requires a notice to consumers and an opportunity to "opt-out" of sharing of non-public personal information with nonaffiliated third parties subject to certain limited exceptions.
- Clarifies that the disclosure of a financial institution's privacy policy is required to take place at the time of establishing a customer relationship with a consumer and not less than annually during the continuation of such relationship.

In support of the GLB Act, Title 12 of the Code of Federal Regulation: Banks and Banking, part 216—*Privacy of Consumer Financial Information*, commonly referred to as "Regulation P," governs the treatment of nonpublic personal information about consumers by the financial institutions.

20. Contractor will provide Regulation E protection to all cardholders, without mitigating our responsibility by claiming regulatory exemptions.
Contractor will fully comply with Section 12 of the Code of Federal Regulations 205, Electronic Fund Transfers (Regulation E) and all applicable provisions that provide consumer protections to all cardholders. Contractor assumes all Regulation E responsibility for Chase Direct Payment Cards issued in association with the State of Michigan's Chase Direct Payment Card program and cardholders will be notified of their rights pursuant to Regulation E in Disclosure Statements provided with their cards.
21. Cardholders can "cash out" odd dollar and cents amounts, including amounts less than one dollar can be accessed by cardholders via:
- Over-the-counter cash withdrawals at any VISA Member Bank branch
 - Cash back at participating PIN-based POS merchants
 - Conducting a split-tender transaction at a VISA merchant
 - Many merchants will provide cardholders with the ability to "cash out" the complete balance of funds within their account. Cardholders may perform PIN-based POS transactions at merchants up to the full amount of funds on deposit within their account, in accordance with merchant policies.
22. As part of its normal operating procedures, Contractor develops disaster recovery and business continuity plans for business processes that, if disrupted, could affect our ability to deliver products or services to clients, meet regulatory reporting requirements or efficiently conduct and manage our business.
Contractor's disaster recovery program is designed to comply with the requirements of the Office of the Comptroller of the Currency Banking Circulars and Federal Financial Institution Examination Council publications on contingency planning.
23. Prenote validation process:
Once the direct deposit data has been gathered and validated, Contractor will send an ACH prenotification, to ensure the banking information is valid. Typically, Receiving Depository Financial Institutions respond to ACH prenotifications within 24-48 hours. If we receive a NOC through the prenote process, we will apply the change to the claimant's banking information. If we receive a reject, we will contact the claimant via email or phone to correct the problem. Once the prenote process is complete, we will transmit the validate claimant account information to UIA.
24. Once the funds have been disbursed to the claimant, individual transactional information cannot be made available to the UIA without a subpoena, due to privacy regulations imposed upon financial institutions. UIA authorized users may view individual account balance information on line without a subpoena.



1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Project Manager and Subcontractors:

1. Project Manager: Robert Carson, will be the Contractor Project Manager through the implementation phase of the UIA EPT/EFT project, and then will assume the role of Program Manager for the ongoing management of the program. In addition to Mr. Carson, Jan Konigsberg, Director of Debit Card implementation will support the Debit Card Services for implementation for UIA.

Mr. Caron's requested contact information is:

Robert A Carson 614-213-8785 Robert.A.Carson@jpmchase.com

2. Account Representative: Mr. Wayne Burrell who is based in Michigan will be the designated Account Representative for UIA, focusing on the debit card program. Mr. Burrell will be dedicated to working with the State on resolving day-to-day issues.
3. Subcontractor Staff: NoCheck will be responsible for supporting the Direct Deposit enrollment process. NoCheck is a Michigan based firm, specializing in programs that enable and encourage the effective use of the Automated Clearing House. NoCheck will fully support the enrollment process including:
 - Development and hosting of on-line enrollment forms for direct deposit. On-line enrollment can be extended to direct payment cards if desired.
 - Call center support for phone based enrollments.
 - Data entry support for mail-based enrollments
 - ACH prenote processing for all new direct deposit enrollees.
 - Daily transmission of new direct deposit enrollment information to UIA
4. Quality Management: Contractor applies a Six Sigma Quality Assurance and Improvement Program to continuously track and measure the quality of both overall and individual operations.
5. Marketing Staff: To be named later.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

1. Project Manager – Coordinate UIA staff and track and evaluate project to completion
2. DIT Project Manager – Oversee technical project tasks
3. System Analyst(s) – help define system requirements and implement process
4. Procedures Analyst(s) – help define business requirements
5. Finance Analyst(s) – To act as liaison between project and the financial group
6. Executive Sponsor – Member of Executive Team who will oversee the project managers and will act as the business owner.
7. DIT Programmers – Developing code to implement the process
8. Communications Analyst – Assist with promotional and training needs relating to this project to UIA staff, claimants and general public.

The Project Manager for UIA's program will have direct access to the contractor's support areas including Technology, Operations, Training and Customer Services.



1.203 OTHER ROLES AND RESPONSIBILITIES-RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The Contractor shall provide a detailed project schedule and work plan, including timelines, for developing, testing, and implementing the State's Electronic Deposit and Debit Card project. At a minimum, the Contractor shall provide the following:

1. Statement of understanding of the State's EPC and EFT project. As a leading provider of UI disbursement services, Contractor understands the federally mandated standards that such programs must meet.
2. Contractor understands and agrees that UIA reserves the right to approve the name, design, content and graphics of the Chase Direct Payment Card used by us for this contract. Contractor also understands and agrees that UIA must approve all instruction materials that will be sent to cardholders. Once UIA has selected a final card design, the card creation process takes approximately four to six weeks to complete.
3. Contractor will successfully manage the timely completion of program implementation based on information provided by UIA and our experience developing and implementing similar Chase Direct Payment Card programs. While the Contractor Implementation Team will serve as lead for the process and implementation activities, partnership and constant coordination with UIA is critical to the timeliness and success of the program deployment.

Contractor standard project work plan supports the implementation of the Chase Direct Payment Card program **within 90 days of project kickoff** and will be implemented at **no cost to UIA**. During initial meetings, Contractor will present a customized version of this plan to provide a clear understanding of all tasks and dependencies.

Contractors responsibilities:

Provide a work plan specifically for UIA debit card program.

Conduct regular weekly status meetings with designated UIA management and staff.

Provide progress reports and program status updates during all meetings. Work along with UIA staff to determine quality measures that will be included within the status updates.

Contractor's meeting participation will include contractor's local Treasury banking representatives, implementation management as well as operations and any other required designated staff and management.

The contractor's project manager will be directly responsible for managing the implementation process and on-going start up process for the contractor. The project plan will be utilized throughout the project to assure timely completion of tasks and deliverables which includes sufficient time for UIA to review each associated task and its duration.

4. Contractor will be responsible for card issuance (including training materials) and will issue both initial and replacement cards to claimants. All cards will be issued in the name of the claimant as provided UIA. Standard issuance cards are sent by U.S. Mail to the cardholder's home address of record as provided to us by UIA.

All new enrollments will be transmitted to our card production vendor no later than the subsequent 24 hour period following enrollment, regardless of enrollment method (batch or web).
5. Contractor will include training materials with each card issued. Each debit card mailed to cardholder, both initial and replacement, will contain instructional materials to assist cardholder in using their card and managing their account. Contractor will be responsible for production of all instructional materials. Cardholder training and promotional materials will include.
 - Card carrier, with printed information about the program, how to contact customer service, and protect their card.



- All fees will be disclosed to cardholders in clear, easily understood language within the cardholder Terms and Conditions.
- Frequently Asked Questions (FAQ) Brochure which provides answers to the most commonly asked questions.
- Terms and Conditions which explain the cardholder's rights and responsibilities.
- Allpoint awareness stuffer that contains information about surcharge-free ATMs.
- Program Introduction Letter.

Marketing Plan Planning and Implementation

Contractor project management staff and contracted marketing agency will work with UIA to determine appropriate and effective means of marketing the Direct Payment Card program to prospective cardholders. In developing a plan, contractor will meet with UIA to review and discuss cardholder demographics, communication objectives, inform them about Direct Deposit and account options, agree on marketing strategies and tactics by phase, finalize ongoing quality and marketing research goals and other key marketing activities.

Contractor's marketing plan will include:

- Pre-conversion and Conversion Marketing effort – Awareness building activities for UIA staff as well as for cardholders will include creative graphics to “brand” the program as well as expectations for media including design and art for check stuffers inserted into current checks, local office posters, informational brochures and local staff awareness.
- Identity Program Support development of high-level identity management plan for the Direct Payment Card program, including graphic standards, black and white art for local use, along with other activities, to maximize internal standardization of the program identity elements.
- Ongoing Marketing Effort – Develop an ongoing awareness and trial support for the Direct Payment Card. These activities are expected to include posters and brochure distribution, an ongoing local staff awareness campaign, possible use of Public Service Announcements and other activities that would be appropriate.

Contractor will coordinate with VISA to maximize the benefits to the UIA Direct Payment Card program of the brand involvement. The contractor's support of the VISA brand will include:

- Creative design and artwork
- Annual supply of account brochures
- Posters for each participating office
- Production of Direct Payment Card account materials.

Cardholder marketing materials will include concepts for the UIA's review. Materials will present the features and advantages of the electronic alternatives such as the debit card or direct deposit over paper checks.

The final agreed upon approach will depend upon the concurrence with UIA on a comprehensive marketing plan that includes agreed upon objectives, strategies, and tactics that best address the needs of the potential card holders, and the benefits of the Direct Payment Card Account.

Marketing materials to be distribute to UIA and affiliated office will be submitted to UIA for review. (attach Appendix 6)

6. The services Contractor provides will meet or exceed the specific standards identified by the state in the RFP with respect to quality, performance, and cost-efficiency. At a high level, these services will include these elements:
 - Direct Payment Card and direct debit account setup and maintenance
 - All telecommunications hardware, maintenance, and support



- Direct Payment Card production, issuance, and PIN selection
- Customer and UIA staff training and support
- Direct Deposit/benefit processing
- Transaction authorization
- Settlement/reconciliation functions
- Management reporting
- 24-hour a day, 7-day a week customer service for cardholders and UIA staff
- Ongoing operational support

The Contractor will use the classic project management approached based on that developed by the Project Management Institute (PMI).

7. Claimants will have several options to enroll for Direct Deposit: on-line, phone, and mail. Contractor and UIA will develop customized materials to describe the enrollment process and encourage the use of Direct Deposit. An enrollment website will be developed with a link from the UIA site, allowing claimants to enroll on-line. Once the data had been generated, validated and confirmed the claimant will receive an email confirming their enrollment in the Direct Deposit Option.
8. Claimants can enroll for Direct Deposit as part of the initial claim process. For claimants initiating their claim via UIA's website, they will be offered a link to the direct deposit enrollment website. For those initiating their claim through MARVIN, an option can be offered to transfer the claimant to the direct deposit enrollment call center. Once the necessary information has been initially gather and validated, an ACH prenote will be generated. The prenote will be sent to the RDFI within 24 hours of the enrollment. If there is no reject or NOC with six business days, the claimants direct deposit account information will be transmitted to UIA. Schedule for developing a time line for signing up Claimants for EFT Deposits includes but not limited to:
 - Creation/approval of check stuffer
 - Produce initial quality of check stuffers
 - Creation/approval of marketing materials
 - Signing up Claimants for EFT Deposits
 - Production of marketing materials
 - Send Stuffers to UIA
 - UIA begins including stuffers with mail checks
 - Claimants begin signing up for EFT deposit
 - Distribute marketing materials to local offices
9. Contractor proposes to build a website that will act as a gateway from the UIA website to information about and access to the electronic payment channels. This site, designed with UIA's approval, will have the same look and feel as the UIA website, with easy navigation to direct deposit enrollment, ATM locators, debit card transaction activity and other key information. The design and development of the interface with the UIA website will include but not limited to the following tasks in providing a timeline to UIA.
 - Web data transfer capability requirements
 - Approval of web data transfer UAT
 - Design and build web data transfer capability
 - Unit testing
 - User Acceptance Testing
 - Production Set-up

1.302 REPORTS

Agency will identify the type and frequency of reports required for management and oversight of requested project.



1. Weekly Project Status Reports will be provided to the UIA Executive Sponsor, UIA and DIT Project Managers, and other key project personnel, as identified by UIA and DIT. The Contractor Project Manager will work with UIA to determine the level of detail and content of the weekly reports.
2. Monthly Project Plan updates will be provided by the Contractor Project Manager to the UIA Executive Sponsor, UIA and DIT Project Managers, and other key project personnel, as identified by UIA and DIT.
3. Monthly performance reports will be provided to the UIA Executive Sponsor, UIA and DIT Project Managers, and other key project personnel as identified by UIA and DIT. The Contractor Project Manager will work with UIA to identify reporting requirements, in addition to the weekly project status and the monthly project plan updates indicated above.
4. Project issue logs will be maintained and provided to the UIA Executive Sponsor, UIA and DIT Project Managers and other key personnel, as identified by UIA and DIT, on a weekly basis by the Contractor Project Manager.

Once the project is fully implemented, the Contractor Program Manager will work with UIA to determine the frequency of ongoing issue reporting.

1.4 Project Management

1.401 ISSUE MANAGEMENT

Contractor understands the prompt attention required to issues that threaten to endanger the project, or the reputation of the State. In his role as Project Manager, and subsequently as Program Manager, Robert Carson will be responsible to ensure that all issues are documented, tracked and effectively managed to a satisfactory resolution, as determined by the State. Incident reports will be completed for all significant issues, and will be used to report system and program problems, including those which might risk for agency clients or reconciliation processes. Such incidents reports will include information such as date, location, description, parties/entities involved, impact, recommendations, date of final report, the dates the incident occurred and was discovered, action taken to effect resolution, and post incident recommendations. Contractor will work with UIA to adapt the incident reporting process to accommodate the needs of UIA. The contract will maintain an "Incident Tracking Log", which will include all incidents reported during the period and can be made available to the state on a periodic basis, or by request as needed.

1.402 RISK MANAGEMENT

In his role as Project Manager, Robert Carson will be responsible to establish a meeting at the beginning of the project with the State's Project Manager and other project participants, to identify risks associated with the project and to assign a level of priority to those risks, based on the probability of occurrence and the impact to the project. This process will be repeated on an annual basis, or at another frequency to be defined by the State. Once particular risks have been identified, Mr. Carson will work with the implementation team to define mitigation strategies for those risks and he will monitor the success of the mitigation strategy throughout the project implementation. Any risk, for which the mitigation strategy was unsuccessful, will be reported as an incident and managed through successful resolution. In addition the Contractor will work with IA to complete an "Information Technology Project Security Plan & Assessment" for the Department of Information Technology which outlines the components of a security plan, specific state and agency policies, requirements definitions, and system functional design. This document may serve as a basis of comprehensive operational and system reviews and risks assessments.

Subsequent to implementation, the contractor will work with UIA and the state's internal audit to complete a threat/risk/control matrix, used to outline and categorize potential threats and risks, inherent in the EFT/Direct Payment Card program, and identify the controls in place to mitigate those risks.

1.403 CHANGE MANAGEMENT

If a proposed contract change is approved by the Contract Compliance Inspector, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

1.5 Acceptance**1.501 CRITERIA**

Agency must identify acceptance process for requested Deliverables and Services. If specific agency sign-offs are needed, identify the responsible position and review process. If a specific service level commitment is required, the agency should identify these requirements here.

Each Deliverable must have acceptance criteria and process for review (See Section 1.104). If acceptance criteria are not available at the time the SOW is entered into, then there should be a Deliverable of acceptance criteria to the State BEFORE delivery of the Deliverable itself. Contractor should be asked to provide acceptance criteria as part of its bid response where appropriate.

1. Successful implementation of project
2. Project Manager's evaluation reports

1.502 FINAL ACCEPTANCE

Acceptance is tied to adequate performance of required Services and/or delivery of the Deliverables. In the event acceptance of Deliverables is not described in the Contract documents, the State shall have the obligation to notify Contractor, in writing ten calendar days following installation of any Deliverable described in the Contract if it is not acceptable. The notice shall specify in reasonable detail the reason(s) a deliverable is unacceptable. Acceptance by the State shall not be unreasonably withheld; but may be conditioned or delayed as required for installation and/or testing of Deliverables. Final Acceptance is expressly conditioned upon completion of all applicable inspection and testing procedures. Deliverables discovered to be failing to conform to the specifications may be rejected upon initial inspection or at any later time if non-compliance with the specifications was not reasonably ascertainable upon initial inspection and/or testing. If the Contractor fails to promptly cure the defect or replace the Deliverables, the State reserves the right to cancel the Purchase order, contract with a different Contractor, and to invoice the original Contractor for any differential in price over the original Contract price.

1.6 Compensation and Payment**1.601 COMPENSATION AND PAYMENT**

The costs to operate the UIA Debit Card & Direct Deposit operation will be paid through either a compensation process, direct payment, or a combination of the two. The compensation process will use the sum of the earnings collected on the daily balances in each account during the month to offset the related program costs. The sum of the expenses for both the Debit Card program & the Direct Deposit program will be subtracted from the sum of the earnings on the Debit Card account(s) to determine whether a surplus or deficit exists. Any surplus or deficit from previous month shall be carried forward to be included in the total for the current month.

If the account is in a deficit position on the end date of this Contract, the Contractor will issue an invoice within 30 days of the end date of this Contract.

See appendix A for pricing sheet.

1.7 Additional Terms and Conditions Specific to this SOW**1.701 Additional Terms and Conditions Specific to this SOW**



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

1. ACH – Automated Clearing House
2. APO – Army Post Office
3. ARU Technology – Audio Response Unit
4. ATM – Automated Teller Machine
5. DLEG – Department of Labor and Economic Growth
6. DIT – Department of Information Technology
7. EAC – Electronic Access Card
8. EFT – Electronic Fund Transfer
9. EDI – Electronic Data Interchange
10. EPC – Electronic Payment Card
11. FDIC – Federal Deposit Insurance Corporation
12. FPO – Fleet Post Office
13. NACHA – National Automated Clearing House Association
14. Regulation E – Regulation that prescribes rules for solicitation and issuance of EFT debit cards
15. PIN # - Personal Identification Number
16. UIA – Unemployment Insurance Agency

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) “Days” means calendar days unless otherwise specified.
- (b) “24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) “Additional Service” means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “Additional Service” does not include New Work.
- (d) “Amendment Labor Rates” means the schedule of fully-loaded hourly labor rates attached as
- (e) “Audit Period” has the meaning given in **Section 2.111**.
- (f) “Business Day,” whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) “Incident” means any interruption in Services.
- (h) “Business Critical” means any function identified in any Statement of Work as Business Critical.
- (i) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work
- (j) “Key Personnel” means any Personnel designated in **Article 1, Section 1.201** as Key Personnel.



- (k) "New Work" means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.
- (l) "Services" means any function performed for the benefit of the State.
- (m) "State Location" means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) "Subcontractor" means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) "Work in Process" means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

All Attachments and/or Exhibits attached to any, and all Statement(s) of Work, attached to, or referencing this Contract, are incorporated in their entirety into, and form part of, this Contract.

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.
- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
 - a description of the Services to be performed by Contractor under the Statement of Work;
 - a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
 - a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
 - a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Office of Purchasing Operations and Department of Labor & Economic Growth Unemployment Insurance Agency ("UIA") (collectively, including all other relevant State of Michigan departments and agencies, the "State"). OPO is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **OPO is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within the Office of Purchasing Operations for this Contract is:

William C. Walsh, CPPB
Office of Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Walshw@michigan.gov
(517) 373-6535

**2.015 Contract Compliance Inspector**

Upon receipt at OPO of the properly executed Contract, it is anticipated that the Director of DMB Purchasing Operations, in consultation with DLEG-Unemployment Insurance Agency, will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Debbie Ciccone, Manager
Department of Labor and Economic Growth
UIA Trust Fund
UIA-Tax, Trust Fund and Employer Compliance
Cadillac Building
0324 W. Grand Blvd., Suite 13-350
Detroit, MI 48202
Cicconedebbie@michigan.gov
(313) 456-2507

2.016 Project Manager

The following individual will oversee the project:

John Henige
Director of UI Technology and Data Control
3024 W. Grand River
Cadillac Place, Suite 12-400
Detroit, MI 48202
(313) 456-2341

2.020 Contract Objectives/Scope/Background**2.021 Background-Reserved****2.022 Purpose-Reserved****2.023 Objectives and Scope-Reserved****2.024 Interpretation-Reserved****2.025 Form, Function and Utility**

If this Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.030 Legal Effect and Term**2.031 Legal Effect**

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.032 Contract Term

This Contract is for a period of three years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

**2.033 Renewal(s)**

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to two additional one year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel**2.041 Contractor Personnel**

- (a) **Personnel Qualifications.** All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.
- (b) **Key Personnel**
 - (i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated.
 - (ii) Key Personnel shall be dedicated to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
 - (iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.
 - (iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.
 - (v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified in **Section 2.073**.
- (c) **Re-assignment of non-Key Personnel.** Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.



- (d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.
- (e) Staffing Levels.
- (i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.
 - (ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.
- (f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.
- (g) Location. All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.042 Contractor Identification-Reserved

2.043 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

- (a) Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.



- (b) Contractor shall not delegate any duties under the Contract to a Subcontractor unless the Department of Management and Budget, Office of Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.
- (c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract.
- (d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.
- (e) The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit/0,1607,7-139-30639_30655---,00.html.

2.052 PM Methodology Standards-Reserved

2.053 Adherence to Portal Technology Tools-Reserved

2.054 Acceptable Use Policy-Reserved

2.060 Deliverables

2.061 Ordering

Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

**2.062 Software-Reserved****2.063 Hardware-Reserved****2.064 Equipment to be New and Prohibited Products-Reserved**2.070 Performance**2.071 Performance, In General**

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.
- (c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages

The parties acknowledge that a delay in implementation attributed to the Contractor will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any such delay. Therefore, Contractor and the State agree that in the case of any such delay in implementation attributed to the Contractor in respect of which the State does not elect to exercise its rights under **Section 2.191**, the State may assess liquidated damages against Contractor as specified in this Section.

If a delay in implementation attributed to the Contractor occurs, then the State shall be entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$5,000.00 per day for each day Contractor fails to remedy.

2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor's obligations under this Contract.

2.076 Service Level Agreements-Reserved

2.080 Delivery and Acceptance of Deliverables**2.081 Delivery Responsibilities-Reserved****2.082 Delivery of Deliverables**

- (a) Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

2.083 Testing

See section 1.104 – Work and Deliverables

2.084 Approval of Deliverables, In General

See section 1.104 – Work and Deliverables

2.085 Process For Approval of Written Deliverables

See section 1.104 – Work and Deliverables

2.086 Process for Approval of Services

See section 1.104 – Work and Deliverables

2.087 Process for Approval of Physical Deliverables

See section 1.104 – Work and Deliverables

2.088 Final Acceptance

See section 1.104 – Work and Deliverables

2.090 Financial**2.091 Pricing**

- (a) Fixed Prices for Services/Deliverables
Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts.
- (b) Services/Deliverables Covered
For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract.

2.092 Invoicing and Payment Procedures and Terms

- (a) Invoicing and Payment – In General
- (i) Each Statement of Work issued under this Contract shall list the prices for all Services/Deliverables, and the associated payment milestones and payment amounts.
 - (ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1**. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.
 - (iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.



- (b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)
The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.
- (c) Out-of-Pocket Expenses
Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.
- (d) Pro-ration
To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.
- (e) Antitrust Assignment
The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.
- (f) Final Payment
The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback

The State shall have the right to hold back, as a retainage, an amount equal to 10 percent of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

2.095 Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is **REQUIRED** to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

2.100 Contract Management

2.101 Contract Management Responsibility

- (a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1**, is likely to delay the timely achievement of any Contract tasks.



- (b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

See section 1.302

2.104 System Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the State. Any changes Contractor makes to State systems with the State's approval shall be done in accordance with applicable State procedures, including security, access and configuration management procedures.

2.105 Reserved

2.106 Change Requests

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be in-scope Services/Deliverables, not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(a) Change Requests

(i) State Requests

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.



- (iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
- (iv) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice shall be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (v) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Office of Purchasing Operations.
- (vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111 Records and Inspections

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.112 Errors

- (a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
- (b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities**2.121 State Performance Obligations**

- (a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.
- (b) Facilities. The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.
- (c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.
- (d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security**2.131 Background Checks**

The Contractor will authorize the investigation of its personnel on a case by case basis where the State has reasonable cause to investigate wrongdoing. The State may conduct background checks on all Contractor personnel with authorized access to State facilities or systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. Such investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit-service/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved2.150 Confidentiality

**2.151 Freedom of Information**

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.152 Confidentiality

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

2.155 No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

**2.157 Security Breach Notification**

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

2.159 Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

2.160 Proprietary Rights**2.161 Ownership**

Ownership of Work Product by State. All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

Vesting of Rights. The Contractor shall assign, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any such Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon State's request, the Contractor and/or its personnel shall confirm such assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State shall have the right to obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.162 Reserved**2.163 Rights in Data**

- (a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.
- (b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

**2.164 Ownership of Materials**

State and Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.165 Standard Software

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software.

2.166 Pre-existing Materials for Custom Software Deliverables

Neither Contractor nor any of its Subcontractors shall incorporate any preexisting materials (including Standard Software) into Custom Software Deliverables or use any pre-existing materials to produce Custom Software Deliverables if such pre-existing materials will be needed by the State in order to use the Custom Software Deliverables unless (i) such pre-existing materials and their owners are identified to the State in writing and (ii) such pre-existing materials are either readily commercially available products for which Contractor or its Subcontractor, as the case may be, has obtained a license (in form and substance approved by the State) in the name of the State, or are materials that Contractor or its Subcontractor, as the case may be, has the right to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

2.170 Warranties And Representations**2.171 Warranties and Representations**

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under this Contract.
- (b) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (c) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (d) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (e) It is qualified and registered to transact business in all locations where required.



- (f) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (g) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (i) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (j) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (k) All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (l) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties-Reserved**2.173 Equipment Warranty-Reserved****2.174 Physical Media Warranty-Reserved****2.175 DISCLAIMER**

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.176 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, such breach may be considered as a default in the performance of a material obligation of this Contract.

2.180 Insurance**2.181 Liability Insurance****(a) Liability Insurance**

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverages provided relative to this Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked ☒ below:

☒ 1. Commercial General Liability with the following minimum coverage:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations
\$2,000,000 Products/Completed Operations Aggregate Limit
\$1,000,000 Personal & Advertising Injury Limit
\$1,000,000 Each Occurrence Limit
\$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED(S) on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.



- ☒ 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED(S) on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- ☒ 3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- ☒ 4. Employers liability insurance with the following minimum limits:

\$100,000 each accident
\$100,000 each employee by disease
\$500,000 aggregate disease

- ☐ 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

- (b) Subcontractors
Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.
- (c) Certificates of Insurance and Other Requirements
Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.



Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons.

Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

(b) Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

(c) Employee Indemnification

In any and all claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.



Notwithstanding the foregoing, the Contractor shall have no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; or (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.192 Continuation of Indemnification Obligations

The Contractor's duty to indemnify pursuant to this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred prior to expiration or cancellation.

2.193 Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.200 Limits of Liability and Excusable Failure**2.201 Limits of Liability**

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (for low risk contracts – Select a higher amount for moderate to high risk contracts) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.202 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent such default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its Subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (10) Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.



2.203 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will provide the State with priority service for repair and work around in the event of a natural or manmade disaster.

2.210 Termination/Cancellation by the State

The State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

- (a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.
- (b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.
- (c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.
- (d) In the event this Contract is terminated for cause pursuant to this Section, and it is determined, for any reason, that Contractor was not in breach of contract pursuant to the provisions of this section, that termination for cause shall be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in this Contract for a termination for convenience.

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract,

- (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible,
- (c) unacceptable prices for Additional Services or New Work requested by the State, or
- (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least thirty (30) days prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

**2.213 Non-Appropriation**

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.
- (c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.216 Rights and Obligations Upon Termination

- (a) If this Contract is terminated by the State for any reason, Contractor shall (i) stop all work as specified in the notice of termination, (ii) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (iii) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (iv) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables.



Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

- (c) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.217 Reservation of Rights

Any termination of this Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed ninety days. These efforts shall include, but are not limited to, the following:

- (a) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or Contractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or Contractors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.
- (b) Information - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.
- (c) Software - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.
- (d) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates specified by **Article 1, Attachment C**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.220 Termination by Contractor**2.221 Termination by Contractor**

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work**2.231 Stop Work Orders**

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under this Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under **Section 2.230**.

2.240 Reserved2.250 Dispute Resolution**2.251 In General**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to this Contract or any Statement of Work shall be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under this Contract, or the time for Contractor's performance, Contractor shall submit a letter executed by Contractor's Contract Administrator or his designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

**2.252 Informal Dispute Resolution**

- (a) All operational disputes between the parties shall be resolved under this Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:
- (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to this Contract will be honored in order that each of the parties may be fully advised of the other's position.
 - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (iv) Following the completion of this process within sixty (60) calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.
- (b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to this Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of this Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.254 Continued Performance

Each party agrees to continue performing its obligations under this Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate this Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements**2.261 Nondiscrimination**

In the performance of this Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach of this provision may be regarded as a material breach of this Contract.

**2.262 Unfair Labor Practices**

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to this Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.270 Litigation**2.271 Disclosure of Litigation**

- (a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of this Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to this Contract Administrator within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.
- (b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:
 - (i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or
 - (ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:
 - (A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and
 - (B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.
- (c) Contractor shall make the following notifications in writing:
 - (i) Within thirty (30) days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor shall notify the Office of Purchasing Operations.
 - (ii) Contractor shall also notify the Office of Purchasing Operations within thirty (30) days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (iii) Contractor shall also notify Purchasing Operations within thirty (30) days whenever changes to company affiliations occur.

**2.272 Governing Law**

This Contract shall in all respects be governed by, and construed in accordance with, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.273 Compliance with Laws

Contractor shall comply with all applicable state, federal, and local laws and ordinances ("Applicable Laws") in providing the Services/Deliverables.

2.274 Jurisdiction

Any dispute arising from this Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.280 Environmental Provision**2.281 Environmental Provision-Reserved**2.290 General**2.291 Amendments**

This Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

- (a) Neither party shall have the right to assign this Contract, or to assign or delegate any of its duties or obligations under this Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign this Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign this Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform this Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on this Contract or the State's ability to recover damages.
- (b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under this Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under this Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

- (a) This Contract, including any Statements of Work and Exhibits, to the extent not contrary to this Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.
- (b) In the event of any inconsistency between the terms of this Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of this Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

Captions and headings used in this Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**2.295 Relationship of the Parties (Independent Contractor Relationship)**

The relationship between the State and Contractor is that of client and independent Contractor. No agent, employee, or servant of Contractor or any of its Subcontractors shall be or shall be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of this Contract.

2.296 Notices

- (a) Any notice given to a party under this Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan

Office of Purchasing Operations

Attention: William C. Walsh, CPPB

PO Box 30026

530 West Allegan

Lansing, Michigan 48909

Contractor:

Charles A. Dillard

JPMorgan Chase Bank, N.A.

611 Woodward Avenue

Detroit, MI 48226-3408

Either party may change its address where notices are to be sent by giving notice in accordance with this Section.

- (b) Binding Commitments
Representatives of Contractor identified in **Article 1, Attachment B** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

- (a) Media Releases
Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.
- (b) Contract Distribution
Purchasing Operations shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

2.298 Reformation and Severability

Each provision of this Contract shall be deemed to be severable from all other provisions of this Contract and, if one or more of the provisions of this Contract shall be declared invalid, the remaining provisions of this Contract shall remain in full force and effect.

2.299 Consents and Approvals

Except as expressly provided otherwise in this Contract, if either party requires the consent or approval of the other party for the taking of any action under this Contract, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

**2.300 No Waiver of Default**

The failure of a party to insist upon strict adherence to any term of this Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of this Contract.

2.301 Survival

Any provisions of this Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of this Contract for any reason. Specific references to survival in this Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with this Contract, it shall act reasonably and in good faith. Unless stated otherwise in this Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under this Contract.

2.303 Permits

Contractor shall obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.304 Website Incorporation

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in this Contract.

The State may refuse to award a Contract to any Contractor who has failed to pay any applicable State taxes. The State may refuse to accept Contractor's bid, if Contractor has any outstanding debt with the State. Prior to any award, the State will verify whether Contractor has any outstanding debt with the State.

2.306 Prevailing Wage-Reserved**2.307 Call Center Disclosure**

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this Contract.

2.308 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Contractor offering free assistance) to gain a leading edge on the competitive RFP.



2.310 *Reserved*

2.320 *Extended Purchasing*

2.321 MiDEAL-Reserved

2.322 State Employee Purchases-Reserved

2.330 *Federal Grant Requirements*

2.331 Federal Grant Requirements

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.

Lobbying Certifications are usually for agreements over \$100,000. The debarment certification is required for all agreements. The last link is where you can go and search for debarred or suspended contractors.

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html

http://www.archives.gov/federal_register/codification/executive_order/12549.html

http://www.archives.gov/federal_register/executive_orders/pdf/12869.pdf

<http://www.epls.gov/epl/servlet/EPLSSearchMain/1>



ATTACHMENT A

Costs and Fees Schedule

Contractor Name: JPMorgan Chase Bank, N.A.	Fee Assessed To:			Fee Assessed To:			Fee Occurrence: Monthly, annually,
	STATE			CARDHOLDER			
	YEAR 1	YEAR 2	YEAR 3	YEAR 1	YEAR 2	YEAR 3	
A. Customer Usage Fees							
1 Initial Account Setup	0.00	0.00	0.00	0.00	0.00	0.00	
2 Monthly Service Fee	0.00	0.00	0.00	0.00	0.00	0.00	
3 ATM Cash Withdrawal Fee	0.00	0.00	0.00	0.00	0.00	0.00	Two free per load at either Chase or Allpoint ATMs, then \$1.50 per transaction thereafter or at other ATMs
4 ATM Balance Inquiry	0.00	0.00	0.00	0.00	0.00	0.00	One free per load at either Chase or Allpoint ATMs then \$1.00 per transaction thereafter
5 ATM Surcharge at Member and non-Member banks (provide estimated range of fees)	0.00	0.00	0.00	0.00	0.00	0.00	All transactions at Chase and Allpoint ATMs are surcharge-free. Surcharge fees at other ATMs typically range from \$1.50 to \$2.50
6 International ATM Transaction Fee	0.00	0.00	0.00	\$ 3.00	\$ 3.00	\$ 3.00	Per transaction
7 ATM Denial Fee	0.00	0.00	0.00	\$ 1.50	\$ 1.50	\$ 1.50	Per ATM or POS transaction denied for insufficient funds
8 Bank Teller Withdrawal Fee at Member Banks	0.00	0.00	0.00	0.00	0.00	0.00	One free transaction per load at either member or non-member banks, then \$4.00 per transaction thereafter
9 Non-Member Banks (provide estimated range of fees)	0.00	0.00	0.00	0.00	0.00	0.00	One free transaction per load at either member or non-member banks, then \$4.00 per transaction thereafter
# POS Transaction Fee	0.00	0.00	0.00	0.00	0.00	0.00	
Customer Service Fees:							
# a. Voice Response Fee	0.00	0.00	0.00	0.00	0.00	0.00	
# b. Customer Service Representative Fee	0.00	0.00	0.00	0.00	0.00	0.00	
# c. Research and Retrieval Requests	0.00	0.00	0.00	0.00	0.00	0.00	
# d. Pin Charges	0.00	0.00	0.00	0.00	0.00	0.00	
# Telephone Balance Inquiries through toll-free IVR	0.00	0.00	0.00	0.00	0.00	0.00	
# Web Balance Inquiry	0.00	0.00	0.00	0.00	0.00	0.00	
# Inactive Account Fee	0.00	0.00	0.00	\$ 1.50	\$ 1.50	\$ 1.50	Monthly fee applies after 365 consecutive days of no deposit or withdrawal activity until balance is depleted.
# Account Closure Fee	0.00	0.00	0.00	0.00	0.00	0.00	
B. Customer Card Replacement Fees							
1 Card Issuance Fee	0.00	0.00	0.00	0.00	0.00	0.00	
2 Additional Card Fee	0.00	0.00	0.00	0.00	0.00	0.00	
3 Replacement Card Fee	0.00	0.00	0.00	0.00	0.00	0.00	One free replacement card per calendar year then \$7.50 per card thereafter
4 Card Deactivation	0.00	0.00	0.00	0.00	0.00	0.00	
5 Card Reactivation	0.00	0.00	0.00	0.00	0.00	0.00	
6 Expired Card Replacement	0.00	0.00	0.00	0.00	0.00	0.00	
7 Expedited Card Fee	0.00	0.00	0.00	\$ 17.50	\$ 17.50	\$ 17.50	Per expedited card requested
C. Overdraft Fees							
1 ATM Card Overdraft Fee	0.00	0.00	0.00	0.00	0.00	0.00	
2 Negative Balance Fees	0.00	0.00	0.00	0.00	0.00	0.00	



ATTACHMENT A

Costs and Fees Schedule

Contractor Name: JPMorgan Chase Bank, N.A.		Fee Assessed To:			Fee Assessed To:			Fee Occurrence:	
		STATE			CARDHOLDER				
		YEAR 1	YEAR 2	YEAR 3	YEAR 1	YEAR 2	YEAR 3	Monthly, annually,	
		1	2	3	1	2	3		
D. Direct Deposit fees:									
		NoCheck	NoCheck	NoCheck					
		Direct Deposit Enrollment	Direct Deposit Enrollment	Direct Deposit Enrollment					
		\$0.30 - Web	\$0.30 - Web	\$0.30 - Web					
		\$0.41 - Paper	\$0.41 - Paper	\$0.41 - Paper					
		\$2.07 - Phone	\$2.07 - Phone	\$2.07 - Phone					
1	Account Set Up	\$ 0.03	\$ 0.03	\$ 0.03	0.00	0.00	0.00	Per enrollment transaction. Includes email confirmation to claimant	
2	Pre-note test	\$ 0.03	\$ 0.03	\$ 0.03	0.00	0.00	0.00	Per prenote transaction	
3	Failed Deposit	0.00	0.00	0.00	0.00	0.00	0.00		
E. Other Fees Not Included Above:									
1	Monthly Maintenance	\$ 150.00	\$ 150.00	\$ 150.00	0.00	0.00	0.00	ACH Monthly Maintenance fee	
	Daily File Transfer - 250 days/year	\$ 10.00	\$ 10.00	\$ 10.00	0.00	0.00	0.00	Daily fee for transfer ACH payment file	
3	ACH Fee	\$ 0.03	\$ 0.03	\$ 0.03	0.00	0.00	0.00	Per ACH transaction charge applies to payment transactions	
4	ACH Reversals (Sub Voids)	\$ 5.00	\$ 5.00	\$ 5.00	0.00	0.00	0.00		
5	Per ACH Return	\$ 0.50	\$ 0.50	\$ 0.50	0.00	0.00	0.00		
6	Per ACH Notification of	\$ 0.50	\$ 0.50	\$ 0.50	0.00	0.00	0.00		
7	Escheatment of Funds	0.00	0.00	0.00	0.00	0.00	0.00		
8	Settlement of Funds	0.00	0.00	0.00	0.00	0.00	0.00		
9	Accounting/Reporting Information	0.00	0.00	0.00	0.00	0.00	0.00		
#	Payment of Services	0.00	0.00	0.00	0.00	0.00	0.00		
F. PROGRAM(S) SETUP CHARGES:									
	Initial Direct Deposit Enrollment Development Fee - NoCheck	\$ 4,000.00			0.00	0.00	0.00	One time setup fee for Web/Phone/Paper Direct Deposit Enrollment	
	Direct Deposit 800 number maintenance (if applicable) - NoCheck	\$ 425.00	\$ 425.00	\$ 425.00	0.00	0.00	0.00	Annual 800 number maintenance fee to support Phone-based Direct Deposit enrollments	
2	800 number line usage per minute charge - NoCheck	\$ 0.05	\$ 0.05	\$ 0.05	0.00	0.00	0.00	per minute 800 number usage charge to support Phone-based Direct Deposit enrollments	
3	Direct Deposit Enrollment Transmission - NoCheck	\$ 18.00	\$ 18.00	\$ 18.00	0.00	0.00	0.00	Daily fee for transmission of Direct Deposit enrollment information to UIA	
5									
6									
7									
8									
9									
#									
#									
G. Use additional line or separator any needed explanation of any of the above fees									
	Monthly account statements	0.00	0.00	0.00	0.00	0.00	0.00	Cardholders will have the option to request electronic statements by Web at no cost. A fee of \$0.95 per monthly statement will apply to mailed statements	
2	International Currency Conversion	0.00	0.00	0.00	0.00	0.00	0.00	Three percent (3%) of the transaction value	
3	International Balance Inquiries	0.00	0.00	0.00	\$ 1.50	\$ 1.50	\$ 1.50	Per transaction	
H. DDA Fees									
6	Account Maintenance	\$ 18.00	\$ 18.00	\$ 18.00	0.00	0.00	0.00	Monthly	
7	Credit (Account Funding)	\$ 0.25	\$ 0.25	\$ 0.25	0.00	0.00	0.00	Per Credit	
8	Debit (ACH File Offsets)	\$ 0.25	\$ 0.25	\$ 0.25	0.00	0.00	0.00	Per Debit/File	
8	Incoming Fed Wire	\$ 7.00	\$ 7.00	\$ 7.00	0.00	0.00	0.00	Per Wire	
	Intrabank Transfer (from another JPMC account)	0.00	0.00	0.00	0.00	0.00	0.00	Per Transfer	
#	Optional Services								
	JPMorgan Access (DDA Information Reporting)				0.00	0.00	0.00		
	Maintenance (45 Day History)	\$ 65.00	\$ 65.00	\$ 65.00	0.00	0.00	0.00	Monthly	
	Debit/Credit Transactions Loaded	\$ 0.10	\$ 0.10	\$ 0.10	0.00	0.00	0.00	Per Item	